

An Overview of Rush County's 2007 Annual Trending November 15, 2007

The following steps were taken to conduct the 2007 annual trending in Rush County:

Step 1: Re-Delineation of Neighborhoods

The vast majority of neighborhoods in Rush County were completely re-examined and, where necessary, re-delineated for annual trending in 2006. This would include the creation of new neighborhoods and the combination of neighborhoods as well. This portion of trending included all property classes. Some new neighborhoods were established for new construction and/or to establish more accurate assessments.

Step 2: Calculation of New Land Values

New land values were calculated for 2006 and in only limited circumstances did sales warrant new land values for 2007. For residential property, small adjustments may have been made based on sales, but the market adjustment factor was the primary means of updating residential property values. For commercial and industrial properties, land values generally stayed consistent between January 1, 2005 and January 1, 2006. Some market areas or some use types warranted influence factors; these factors were reviewed and adjusted accordingly.

An extensive analysis was conducted on the value of excessive residential land values. In nearly every township in Rush County, new excess acreage rates were adjusted, which often led to small increases in the neighborhood factors.

Step 3: Calculation of New Residential Factors & Residential Studies

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential at the township level. This study dictated which property classes required further analysis, stratification, reassessment or calculation of a new neighborhood factor. In some instances, especially in rural areas of Rush County, the preliminary ratio study indicated that assessments were both accurate and uniform. In other neighborhoods, further review was required. This resulted in the calculation of new neighborhood factors, grade and condition studies, and effective age studies, with a primary emphasis on non-sold properties.

With regard to rental homes, the county has assembled a detailed income and expense data base that has allowed for the calculation of market rents, expenses, capitalization rates, and gross rent multipliers. This database is the primary method of valuing all rental homes, and in some cases larger apartment complexes.

Effective age studies were conducted in the northwest side of Rushville, north of the railroad tracks. Many of these larger, older homes were 2 story and built prior to 1940. Many effective age and condition changes (approximately 85 homes) were made to non-sold properties in these areas, as dictated by recent sales data.

Step 4: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates were the starting point for updating commercial and industrial improvement values. The county also changed the year of depreciation from 2005 to 2006. The Nexus Group Construction Cost Index (NCCIsm) was used to update these cost tables. In addition to the small percentage changes across all use and wall types, some uses were re-examined as a whole (ex. golf courses, landfills, mobile home parks, etc.) often resulting in sizeable percentage changes. On average, gross costs increased approximately 7% between 2005

and 2006. However, adjustments above and below this average was applied for specific use types where more detailed construction costs were available. These detailed construction cost models have been constructed by Nexus Group and applied uniformly by property class based on specific usage, wall type and other characteristics.

In addition to updating the cost tables, sales, income, and appraisal data was used to update commercial and industrial improvement values. In cases where these methods produced widely divergent values, the most appropriate valuation method was used for the specific property class. When comparable non-sold properties were identified and values from sales and/or income justified changes, the non-sold property was likewise adjusted. Income data collected from the field and through the appeals process was also used by property class or for specific, unique properties. In some specified cases where little or no comparable property existed within the township or county, this comparison process extended beyond the county borders so as to identify the most appropriate comparisons and valuations.

Rush County is currently in its fourth year of the its Rolling Reassessmentsm. By the end of 2006, all commercial and industrial property had been site visited and corrected since the last general reassessment. For 2007, Nexus Group re-visited one-third of the county's commercial and industrial parcels in the northern portion of the county. Detailed valuation analysis was also conducted on retail strip and/or neighborhood shopping centers with a recent sale and detailed income and expense data provided for at least two significant parcels in Rush County.